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FOR IMMEDIATE RELEASE

2015 State of the Market Report for PJM: January through September

MARKET MONITOR FINDS PJM WHOLESALE ELECTRICITY MARKETS COMPETITIVE

(Eagleville, PA November 12, 2015) PJM Interconnection's wholesale electric energy, capacity and regulation markets produced competitive results during the first nine months of 2015, according to the *2015 Quarterly State of the Market Report for PJM: January through September*, released today by Monitoring Analytics, LLC, the Independent Market Monitor for PJM.

The Independent Market Monitor, Joseph Bowring, announced findings of the report today. The report is the Independent Market Monitor's assessment of the competitiveness of the wholesale electricity markets managed by PJM in 13 states and the District of Columbia. The report includes analysis of market structure, participant behavior and market performance for each of the PJM markets.

"Our analysis concludes that the results of the PJM Energy, Capacity and Regulation Markets in the first nine months of 2015 were competitive," Bowring said.

Energy market prices decreased significantly from the first nine months of 2014 as a combined result of lower fuel prices and lower demand. The load-weighted average real-time LMP was 33.5 percent lower in the first nine months of 2015 than in the first nine months of 2014, \$38.94 per MWh versus \$58.60 per MWh.

Energy prices in PJM in the first nine months of 2015 were set, on average, by units operating at, or close to, their short run marginal costs, although this was not always the case during the high demand hours in February. This is evidence of generally competitive behavior and resulted in a competitive market outcome.

Net revenue is a key measure of overall market performance as well as a measure of the incentive to invest in new generation to serve PJM markets. While net revenues were uniformly lower for new entrant units in the first nine months of 2015 than in the first nine months of 2014, the comparison to the first nine months of 2014 reflects the very high net revenues in January 2014. In the first nine months of 2015, average energy market net revenues decreased by 13 percent for a new combustion turbine, 18 percent for a new combined cycle, 53 percent for a new coal plant, 64 percent for a new diesel unit, 39 percent for a new nuclear plant, 20 percent for a new wind installation, and 5 percent for a new solar installation.

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Total energy uplift charges decreased by \$613.4 million or 68.2 percent in the first nine months of 2015 compared to the first nine months of 2014, from \$899.1 million to \$285.7 million.

Congestion costs decreased by \$562.3 million or 33.0 percent, from \$1,705.4 million in the first nine months of 2014 to \$1,143.0 million in the first nine months of 2015. Congestion reflects the underlying characteristics of the power system, including the capability of transmission facilities, the fuel cost and geographic distribution of generation facilities and the geographic distribution of load. Congestion is neither good nor bad, but is a direct measure of the extent to which there are multiple marginal generating units dispatched to serve load as a result of transmission constraints and the costs of operating those units. ARRs and FTRs served as an effective, but not total, offset against congestion. ARR and FTR revenues offset 82.1 percent of the total congestion costs in the Day-Ahead Energy Market and the balancing energy market within PJM for the first four months of the 2015 to 2016 planning period.

The Independent Market Monitor (also known as the Market Monitoring Unit or MMU) evaluates the operation of PJM's wholesale markets to identify ineffective market rules and tariff provisions, proposes improvements to market rules and tariff provisions when needed, monitors compliance with and implementation of the market rules, identifies potential anticompetitive behavior by market participants and provides comprehensive market analysis critical for informed policy and decision making. Joseph Bowring, the Market Monitor, ensures the independence and objectivity of the monitoring program.

For a copy of the State of the Market Report, visit Monitoring Analytics at: http://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2015.shtml